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## WHITE PAPER

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### Claim Construction, Findings of Fact, and Indefiniteness in the Wake of *Teva v. Sandoz*

In its January 2015 decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, the United States Supreme Court held, contrary to the Federal Circuit's longstanding practice, that a district court's claim constructions are to be reviewed on appeal under the two-part test set forth in Federal Rule of Civil Procedure 52. This *White Paper* explores the history of the standard of review for claim construction and how that issue arrived at the Supreme Court, the resulting *Teva* decision, potential effects of the decision going forward including the Federal Circuit's application of *Teva* thus far, and the interplay between *Teva* and another recent Supreme Court decision, *Nautilus, Inc. v. Biosig Instruments, Inc.*, on the standard for claim definiteness.

In its January 2015 decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, the United States Supreme Court held, contrary to the Federal Circuit's longstanding practice, that a district court's claim constructions are to be reviewed on appeal under the two-part test set forth in Federal Rule of Civil Procedure 52: Factual findings are reviewed for clear error, and legal rulings *de novo*. In the context of patent claim construction, therefore, the Court held that a district court's analysis of the intrinsic evidence and its ultimate determination as to the proper meaning of the claim are reviewed *de novo*, while its fact findings regarding extrinsic evidence are reviewed for clear error.

*Teva* has the potential to reshape patent litigation, although whether it actually will do so remains to be seen. *Teva* could increase and alter evidentiary presentations on claim construction—because of the more deferential standard of review, a district court's fact finding in matters of claim construction will now be harder to disturb on appeal, so parties and even courts may be incentivized to increase reliance on extrinsic evidence. Thus, for cases in which extrinsic evidence is (or is deemed by the Federal Circuit to be) relevant to claim construction, *Teva* could reduce the relatively high reversal rate at the court of appeals for claim construction determinations. At the same time, litigants—especially patentees—should exercise caution in overstating the need for fact finding. If factual findings do not go a litigant's way, it will face the higher, clear-error burden on appeal to have those findings overturned. Moreover, patentees urging reliance on extrinsic evidence could run into another recent Supreme Court decision—*Nautilus, Inc. v. Biosig Instruments, Inc.*—in which the Court rendered it easier to invalidate a claim for indefiniteness. The strategic tensions between *Teva* and *Nautilus* remain to be worked out.

The path to *Teva* also highlights the continuing dialogue between the Supreme Court and the Federal Circuit, and how that dialogue may shift given the new and changing composition of the circuit court. *Teva* follows the Supreme Court's now multi-decade trend of more frequent review—and reversal—of Federal Circuit judgments on *certiorari* and replacing patent-specific legal standards with generally applicable ones. But given the changes on the Federal Circuit bench over that time, the Supreme Court's reversal of the appellate judgment in *Teva* may not be unwelcome to that court, at least to the

newer judges. Indeed, although at one time the majority of the Federal Circuit took the position, on the merits, that claim construction should be reviewed *de novo*, by the time *Teva* was decided, the majority of that court adhered to *de novo* review only as a matter of *stare decisis*, and the court's membership had significantly changed. How the newly constituted court (and the randomly generated three-judge panels that decide most cases) will apply *Teva* presents an interesting development worth following.

This *White Paper* explores the history of the standard of review for claim construction and how that issue arrived at the Supreme Court, the resulting *Teva* decision, and potential effects of the decision going forward, including any insight from recent Federal Circuit decisions applying the *Teva* standard.

## CLAIM CONSTRUCTION BEFORE *TEVA*

Prior to *Teva*, the Federal Circuit reviewed claim construction *de novo*. That rule has been firmly established since at least 1998, and it arose, in part, out of a Supreme Court case. In 1996, the Supreme Court decided *Markman v. Westview Instruments, Inc.*, a Seventh Amendment case that presented the question of whether a judge or a jury decides the meaning of a patent's claims.<sup>1</sup> Affirming the Federal Circuit's judgment, *Markman* held that “the construction of a patent, including terms of art within its claim,” is “exclusively” for “the court,” rather than a jury, to determine.<sup>2</sup> The judge's authority applied even where the construction of a term of art has “evidentiary underpinnings.”<sup>3</sup>

Although it resolved the Seventh Amendment issue, the Supreme Court's *Markman* decision did not address an important question of implementation as between the district court and the appellate court: If the construction of a patent's claim involves the resolution of evidentiary issues, what is the standard for appellate review of those determinations? For that question, the Federal Circuit remained the final arbiter.

This seemingly esoteric issue of appellate review matters a great deal: *De novo* review means that the court of appeals gets a complete “do over” on claim construction; clear-error review means that the court of appeals may reverse a factual finding only if, after considering the entire record, it “is left with a definite and firm conviction that a mistake has been

committed.”<sup>4</sup> That standard is more deferential to the district court’s determination, and thus less likely to result in appellate reversal, all other things being equal.

In its own decision in *Markman* before that case reached the Supreme Court, the Federal Circuit had held *en banc* that claim construction was reviewed *de novo*. After the Supreme Court issued its opinion in *Markman*, eliciting some disparate understanding of the proper standard among its judges, the court of appeals clarified its position in 1998 in its *en banc* decision in *Cybor Corp. v. FAS Technologies, Inc.*<sup>5</sup> *Cybor* adhered to the Federal Circuit’s earlier rule that *de novo* review applied to the entirety of the claim construction issue. “Nothing” in the Supreme Court’s *Markman* decision, said the Federal Circuit, “supports the view ... that claim construction may involve subsidiary or underlying questions of fact.”<sup>6</sup> Rather, the court announced that it would “review claim construction *de novo* on appeal including any allegedly fact-based questions relating to claim construction.”<sup>7</sup>

In 2014, in *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*,<sup>8</sup> the Federal Circuit, again acting *en banc*, reaffirmed *Cybor*. Although some members of the court likely would have decided differently as an original matter, for reasons of *stare decisis* they adhered to *Cybor*: “After fifteen years of experience with *Cybor*, we conclude that the court should retain plenary review of claim construction, thereby providing national uniformity, consistency, and finality to the meaning and scope of patent claims.”<sup>9</sup> In short, given the court’s practical view that “the totality of experience has confirmed that *Cybor* is an effective implementation” of the Supreme Court’s decision in *Markman*, the court found no compelling reason for departing from its prior *en banc* precedent in *Cybor*.<sup>10</sup>

Barely a month later, the issue reached the Supreme Court, via the *Teva* case rather than in *Lighting Ballast*. *Teva* was a pharmaceutical case; Teva Pharmaceuticals owned a patent on a multiple-sclerosis drug, and Sandoz wished to market a generic version of it. In the infringement suit that followed, Sandoz argued that the patent was invalid for indefiniteness. The claim described a particular ingredient as having a certain “molecular weight”—a phrase that, Sandoz argued, was ambiguous. After hearing testimony from experts and crediting the testimony of Teva’s expert, the district court disagreed. It

concluded that, in the context of the claim, a skilled artisan at the time of the patent would have understood that “molecular weight” meant “peak average molecular weight.” Applying *de novo* review, the Federal Circuit disagreed and found the patent invalid. “Believ[ing] it important to clarify the standard of review” that the court of appeals should apply in reviewing claim constructions, the Supreme Court granted *certiorari*.<sup>11</sup>

## THE TEVA DECISION

In a 7–2 opinion authored by Justice Breyer, the Supreme Court vacated the Federal Circuit’s judgment and rejected the court’s standard of review for claim construction. Instead of the *de novo* review that had prevailed over the last 20 years, findings of fact made in the context of claim construction are now to be reviewed for clear error.

*Teva*’s opening passage leaves little doubt as to the rule adopted by the Supreme Court: “Should the Court of Appeals review the district court’s fact finding *de novo* as it would review a question of law? Or, should it review that fact finding as it would review a trial judge’s fact finding in other cases, namely by taking them as correct ‘unless clearly erroneous?’”<sup>12</sup> Stated that way, the question answers itself, as indeed the Court concluded: Factual findings subsidiary to a claim construction are reviewed for clear error. The Court relied on the Federal Rules of Civil Procedure generally applicable to civil cases and also discussed its prior decision in *Markman* as well as practical considerations.

First, the Court concluded that the plain terms of Federal Rule of Civil Procedure 52 resolved the question. Rule 52(a)(6) states that a court of appeals “must not ... set aside” a district court’s “findings of fact” unless they are “clearly erroneous.” The Court held that this Rule “applies to both subsidiary and ultimate facts.”<sup>13</sup> Because the Rule “does not make exceptions or purport to exclude certain categories of factual findings,” patent cases are not to be treated any differently under the Rule.<sup>14</sup> Such exceptions, the Court pronounced, “would tend to undermine the legitimacy of the district courts” while contributing “only negligibly” to accuracy.<sup>15</sup>

Second, nothing in the Supreme Court’s *Markman* decision required a contrary conclusion. In addressing whether the

judge or jury should construe patent claims, *Markman* concluded that “the ultimate question of the proper construction of the patent” is “a question of law,” just as the construction of a contract or deed is.<sup>16</sup> As the Court pointed out, in construing a contract, there are often subsidiary factual findings that will “precede” the ultimate construction question, and that this approach was amenable to patents as well. Thus, *Markman’s* “conclusion that an issue is for the judge does not indicate that Rule 52(a) is inapplicable.”<sup>17</sup>

Third, “practical considerations” favored a clear-error standard for findings of fact. Patent law depends upon “familiarity with specific scientific problems and principles not usually contained in the general storehouse of knowledge and experience”; a “district court judge who has presided over, and listened to, the entirety of a proceeding has a comparatively greater opportunity to gain that familiarity than an appeals court judge.”<sup>18</sup> The Court disagreed that it would be “simpler for [the] appellate court to review the entirety of the district court’s claim construction *de novo* rather than to apply two separate standards”: “Courts of appeals have long found it possible to separate factual from legal matters,” and “the Federal Circuit’s efforts to treat factual findings and legal conclusions similarly have brought with them their own complexities.”<sup>19</sup>

The standard thus established, the Court went on to explain how it must be applied in a patent case. When “the district court reviews only evidence intrinsic to the patent”—i.e., “the patent claims and specifications [*sic*], along with the patent’s prosecution history”—“the judge’s determination will amount solely to a determination of law, and the Court of Appeals will review that construction *de novo*.”<sup>20</sup> But when the district court consults “extrinsic evidence in order to understand, for example, the background science or the meaning of a term in the relevant art during the relevant time period,” and makes “subsidiary factual findings about that extrinsic evidence,” its findings may be set aside only if clearly erroneous.<sup>21</sup> The “ultimate interpretation” of the patent, however, “is a legal conclusion.”<sup>22</sup> Thus, if a district court “resolves a dispute between experts and makes a factual finding that, in general, a certain term of art had a particular meaning to a person of ordinary skill in the art at the time of the invention,” the further question of “whether a skilled artisan would ascribe that same meaning to that term in the context of the specific patent claim under review” is a question of law.<sup>23</sup> Likewise, if “a factual finding

[is] close to dispositive of the ultimate legal question of the proper meaning of the term,” the ultimate question remains a legal one.<sup>24</sup>

On the record before it, the Supreme Court identified at least one question properly characterized as a factual finding: “how a skilled artisan would understand the way in which a curve created from chromatogram data reflects molecular weights.”<sup>25</sup> The Federal Circuit ought to have reviewed the district court’s conclusion on that issue only for clear error; “in failing to do so, the Federal Circuit was wrong.”<sup>26</sup> The Court thus remanded the case for further proceedings.

## TEVA AND THE ONGOING DIALOGUE BETWEEN THE SUPREME COURT AND THE FEDERAL CIRCUIT

*Teva* is consistent with a theme of the Supreme Court’s growing patent docket: Patent cases are not a special breed subject to unique procedural rules. Absent statutory command, they are typically to be resolved according to the same rules that govern civil litigation generally. The Court’s attention to patent law jurisprudence differs markedly from its approach during the first few decades of the Federal Circuit, which was created in 1982—indeed, notwithstanding the *Cybor* decision in 1998, the Supreme Court did not take up the fundamental issue of the standard of review for claim construction until *Teva*, nearly two decades later. Meanwhile, during much of that interim period, the Supreme Court took a hands-off approach to the circuit court. Of the approximately 150 cases it heard each year, the Court rarely reviewed patent cases, thus largely leaving it to the Federal Circuit to fashion national standards for patent law.

But in stark contrast to the early days of the Federal Circuit, in the past several years, the Court has granted *certiorari* in a substantial number of patent cases—up to six a year—constituting a significant portion of the Supreme Court’s shrinking annual docket of now roughly 70 cases. And, in this more aggressive period, the Court has often reversed the court of appeals, particularly in procedural areas in which the Supreme Court has realigned patent law with general standards governing other areas of civil litigation. *Teva* is a prime example, resolving the question of claim construction review by the plain text of Rule 52.

Given the change in membership at the Federal Circuit, however, the *Teva* “reversal” may not be as sharp a dialogue between the two courts as in other cases. The Federal Circuit today is no longer the same court that decided *Cybor*—it differs even from the court that decided *Lighting Ballast* one year ago. When *Cybor* issued in 1998, nine judges signed onto the majority opinion expressly holding that *de novo* review reached even allegedly fact-based findings. By the time of *Lighting Ballast*, eight new judges had joined the bench. Of the six who participated in the *Lighting Ballast* decision, three joined the dissent favoring review consistent with Rule 52 and the standard set forth by the Supreme Court, and the others joined the majority that adhered to wholesale *de novo* standard only as a matter of *stare decisis*. (*Lighting Ballast*’s author, Judge Newman, had long been a leading voice for the contrary position, including in *Cybor*.) Meanwhile, *Cybor*’s author and seven of the eight other judges who signed onto the opinion had resigned, retired to senior-judge status, or passed away. Thus, when *Lighting Ballast* issued in 2014, the appellate court had greatly transformed. And even that decision is not necessarily representative of the court today, which includes the two new judges who did not participate in *Lighting Ballast* and a seat not yet filled. Perhaps the two courts have reached a new chapter in their dialogue.

But regardless the extent to which the two courts may actually be in harmony (on this issue at least), the fundamental message from the Supreme Court is clear: The Federal Circuit, like all of the other courts of appeals, is fundamentally a court of review that must adhere to generally applicable legal principles and avoid unfounded judicial rule-making.

## WILL TEVA CHANGE PATENT LITIGATION?

As interesting as the ongoing dialogue is, the question most immediately on litigators’ and commentators’ minds is the effect of *Teva* on claim construction proceedings and their appellate review at the Federal Circuit. One of *Teva*’s broadest “legacies” may be the further litigation it spawns. A common expectation in light of *Teva* is that parties, and district courts, may increasingly seek to insulate claim construction decisions from appellate review by trying to pin those decisions on factual, expert testimony about the meaning of claim terms. But this strategy will often require more work, more outside experts, and additional proceedings. The preparation and

presentation of expert testimony alone can involve substantial costs. Of course, it remains to be seen whether district courts will devote increased effort to factual findings in the wake of *Teva*. And these costs may simply offset the cost of litigating under the *de novo* standard, in which the Federal Circuit could and did often reverse on the question of claim construction and remand for a retrial.<sup>27</sup> Also, while litigants may attempt to leverage the *Teva* decision to obtain fact findings relatively insulated from appellate review, courts, particularly those with heavy dockets, may limit the extent to which claim construction proceedings vary from their current scope and format. But if additional resources are devoted to claim construction, a substantial effect of the Supreme Court’s decision may be to increase the cost and duration of patent cases.

As for appeals, even where the district court rests its constructions on extrinsic evidence, we can still expect claim construction appeals, including arguments about (i) whether extrinsic evidence was actually needed to construe the claim in the first place, (ii) what constitutes a subsidiary issue of fact (now subject to clear-error review) and what constitutes the ultimate question of claim construction (which receives *de novo* review), and (iii) whether a finding was clearly erroneous—a deferential, but not toothless, inquiry. Thus, although then-Judge Rader expressed hope in his dissenting opinion in *Cybor* that settlements would increase with clear-error review, in reality the frequency of appeals may not change.<sup>28</sup> Just as with full *de novo* review in which the meaning of a claim is not certain “until nearly the last step in the process—decision by the ... Federal Circuit,”<sup>29</sup> so too parties may seek appellate review under the current standard, whether because the construction turned solely on intrinsic evidence, or because any factual findings by the district court do not ultimately affect the analysis or there is a likely chance of showing clear error in the factual finding. To the extent parties view their constructions as turning largely on factual findings insulated by clear-error review, *Teva* may promote resolution of patent disputes before appeal. Otherwise, one can expect the stream of claim construction issues on appeal to continue.

But will *Teva* have a substantive effect? When the Federal Circuit court applied *de novo* review to the entirety of the claim-construction analysis, its reversal rate of district court claim constructions was unusually high compared to other issues on appellate review—a fact that the Supreme Court noted in *Teva*.<sup>30</sup> Now that a more deferential standard applies,

one might reasonably expect that the new standard should make a difference on appeal, at least in some cases. It remains to be seen, however, how often district courts will construe claims based subsidiary factual findings, and thus unclear how often the new *Teva* standard will actually matter. Even for district court constructions that turn on factual findings, will the Federal Circuit agree that the extrinsic evidence plays an important role, and if so will it leave in place those findings? As a point of comparison, it is not clear what proportion of the Federal Circuit's past reversals applying *de novo* review might have come out the other way under the new standard, but during the *Lighting Ballast* oral argument before the Federal Circuit, the United States (appearing as *amicus*) "could not identify any case that would have come out differently."<sup>31</sup> "Even the critics of *Cybor*" agreed that "any change would affect only a small number of claim construction disputes."<sup>32</sup> Although the number is almost certainly greater than zero, a relatively small universe will limit *Teva*'s reach.

Indeed, since the Supreme Court decided *Teva*, the Federal Circuit has routinely applied *de novo* review after determining that district court's construction relied only on intrinsic evidence.<sup>33</sup> Even where there was some relevant extrinsic evidence, if it was minor compared to "the totality" of the intrinsic evidence, the appellate court's analysis turned on the intrinsic record and thus *de novo* review applied.<sup>34</sup> Accordingly, even if, going forward, district courts invoke extrinsic evidence more frequently in support of their constructions, if the construction can be reviewed and decided without resort to such evidence, the Federal Circuit appears poised to still apply *de novo* review. And for all the publicity that the *Teva* case has obtained from the Supreme Court's decision, it is not yet clear whether the new standard will lead to a different outcome. The Supreme Court did not apply its new standard in that case, instead remanding for the Federal Circuit to do so. On remand, the *Teva* panel directed the parties to submit supplemental letter briefs, which were filed in early March 2015. The case has not yet been calendared for any further oral argument, and a decision has not yet issued.

While *Teva* may or may not significantly alter the frequency with which the Federal Circuit applies *de novo* review, *Teva* may provoke a renewed focus on the Federal Circuit's evidentiary approach to claim construction, although no revolution has been suggested at this time. Before and after *Teva*, the Federal Circuit has applied an evidentiary hierarchy that

values intrinsic evidence over extrinsic evidence; according to the court in its 2005 *en banc* decision in *Phillips v. AWH Corp.*, it as "well-settled" that "in interpreting an asserted claim, the court should look first to the intrinsic evidence."<sup>35</sup> In "most situations," that evidence "alone" should "resolve any ambiguity in a disputed claim term," and it is "improper to rely on extrinsic evidence."<sup>36</sup> "[U]ndue reliance on extrinsic evidence poses the risk that it will be used to change the meaning of claims in derogation of the 'indisputable public records consisting of the claims, the specification and the prosecution history,' thereby undermining the public notice function of patents."<sup>37</sup> Continuing to apply this evidentiary hierarchy post-*Teva*, the Federal Circuit has adhered to the privileged role of intrinsic evidence, which is now the only evidence accompanied by *de novo* review.

The hierarchy, however, comes from the Federal Circuit, not the Supreme Court or statute, inviting reflection on how *Teva* may affect appellate review if the hierarchy were changed. One issue in particular that may surface is the role of dictionaries published near the time of the patented invention. Although before *Phillips* some judges gave substantial weight to such dictionaries, *Phillips* squarely relegated them to the category of extrinsic evidence.<sup>38</sup> In some sense, however, dictionaries from the time of the patented invention are akin to the other categories of intrinsic evidence, in contrast to expert testimony created at the time of litigation. And while the Supreme Court in *Teva* plainly described expert testimony as extrinsic evidence, it did not conduct an exhaustive survey of the two types of evidence, much less define dictionaries as extrinsic.<sup>39</sup> In light of the new standard of appellate review, the categorization could be important. In at least some instances, dictionaries have played a role in the Federal Circuit's reversal of a district court's claim construction under the old *de novo* standard.<sup>40</sup> If the Supreme Court or the Federal Circuit revised the role of dictionaries (or other evidence in the hierarchy), the approach to claim construction could be affected at both the district and appellate courts.

## **TEVA AND THE NEW STANDARD OF CLAIM DEFINITENESS UNDER NAUTILUS**

*Teva* presents another interesting issue in the context of claim definiteness. *Teva* followed less than a year after *Nautilus v. Biosig*, in which the Supreme Court addressed the standard

for claim definiteness required by 35 U.S.C. § 112.<sup>41</sup> A primary purpose of the definiteness requirement is ensuring that the public is informed of the boundary of the patentee's exclusionary rights, informing the public of what is and what is not infringement. Section 112 requires the patentee to "particularly point[] out and distinctly claim[] the subject matter which the inventor or a joint inventor regards as the invention."<sup>42</sup> As the Federal Circuit has reiterated since the Supreme Court decided both *Teva* and *Nautilus*, the indefiniteness inquiry can be "intertwined with claim construction,"<sup>43</sup> raising questions about the interplay between the two decisions particularly where factual findings are involved.

**Background.** *Nautilus* involved Biosig's patent on heart rate monitors used in exercise equipment. Exploiting the discovery that conventional monitors could not isolate (and therefore measure) electric signals emitted by the heart from electric signals produced by other muscles, the patent claimed an improved monitor that could isolate the heart signals. The claim at issue required that each of the exerciser's hands come into contact with two electrodes "mounted ... in a spaced relationship with each other" on a cylindrical bar. The inventor, in defending the claim as sufficiently definite, explained that a skilled artisan would use trial and error to figure out the correct spacing required to isolate heart signals from other muscle signals.

*Nautilus* challenged the term "mounted ... in a spaced relationship with each other" as indefinite, the same ground on which Sandoz argued invalidity in *Teva*, arguing that it did not sufficiently define what the space should be nor identify how to determine the appropriate spacing. After construing the claims, the district court found the term indefinite and granted summary judgment to *Nautilus*. On appeal, the Federal Circuit applied its "not amenable to construction" and "insolubly ambiguous" formulations of the indefiniteness test and reversed. Under those formulations, a claim was indefinite only if no construction could be found for a term, thus going far to preserve the validity of a patent. The Supreme Court granted *Nautilus*'s petition for *certiorari*.

**The Supreme Court Decision.** In a short, unanimous opinion by Justice Ginsburg issued in June 2014, the Supreme Court reversed the Federal Circuit's decision. Instead of the Federal Circuit's formulations, which were "more amorphous than the statutory definiteness requirement allows," the Supreme Court

held that the patent must inform the public of its scope "with reasonable certainty" to satisfy the definiteness requirement.<sup>44</sup> Although the Court emphasized that it "does not 'micromanage the Federal Circuit's particular word choice,'" it must ensure that the test "is at least 'probative of the essential inquiry.'"<sup>45</sup> The Court noted that, under its prior decisions, Section 112 "entails a 'delicate balance.'"<sup>46</sup> While there are "inherent limitations of language," a patent must be "precise enough to afford clear notice of what is claimed," so as to avoid a "zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims."<sup>47</sup> In the Court's view, patent application drafters are in the best position to resolve excessive ambiguity and draft clear, definite claims. Meanwhile, because the new definiteness standard has more bite, alleged infringers are more likely to plead indefiniteness as a defense, and they may be more likely to succeed as to claims drafted with ambiguity.

As in *Teva*, the Supreme Court did not apply its own standard to the facts at issue in *Nautilus*. Instead, the Court remanded for the Federal Circuit to do so.<sup>48</sup> After receiving supplemental briefing and hearing oral argument in October 2014 in which the parties disputed whether the new definiteness standard actually altered the analysis that the panel had previously conducted, the same panel took the case under advisement, and a decision has not yet issued.

***Nautilus* and *Teva*.** *Teva* presents an interesting postscript to *Nautilus*, particularly with respect to factual findings. In *Nautilus*, the Supreme Court declined to alter Federal Circuit jurisprudence that definiteness is a legal issue, reviewed without deference.<sup>49</sup> Of course, where "the meaning of the claim at issue is clear in view of the intrinsic record and undisputed facts," *de novo* review applies to the claim construction analysis (under *Teva*) as well as to indefiniteness.<sup>50</sup> But where extrinsic evidence is relevant to the indefiniteness inquiry, will the Federal Circuit's *de novo* review of indefiniteness loosen?

Indeed, will the mere use of extrinsic evidence in the claim construction inquiry support an indefiniteness case? Even before *Teva*, defendants were likely to introduce expert testimony to establish indefiniteness because *Nautilus* clarifies that indefiniteness is viewed through the lens of a person of skill in the art at the time of invention. Post-*Nautilus* cases underscore the importance of providing expert testimony to prove indefiniteness. For example, in *Hand Held Products v.*

*Amazon.com, Inc.*, the district court found the defendant had failed to show that certain claim terms were indefinite, noting that the defendant had provided “no expert testimony in support of its indefiniteness argument.”<sup>51</sup> The emphasis on expert testimony will likely continue after *Teva*: During claim construction proceedings, litigants have an incentive to submit more expert declarations, and factual submissions in general, to insulate potentially favorable claim construction determinations from *de novo* review.

For patent owners, however, *Nautilus* pulls in the opposite direction: If extrinsic evidence is required to construe a claim, is that an indication that the claim fails to reasonably apprise a person of skill in the art about the scope of the invention? Patentees trying to shore up their proposed claim constructions with extrinsic evidence in light of *Teva* run the risk of exposing themselves to an indefiniteness challenge under *Nautilus*. Thus, introducing expert testimony during claim construction will invariably invite competing expert testimony, and with it, a potential *Nautilus* indefiniteness trap. Patent applicants and holders will therefore have to make important strategy calls early on during patent prosecution, acquisition, and litigation.

## CONCLUSION

Doctrinally, there is no doubt that *Teva* is an important decision. It altered the Federal Circuit’s *de novo* standard of review for claim construction determinations that had applied for nearly two decades, and it demonstrates the Supreme Court’s continued willingness to bring patent doctrines in line with ordinary procedures for civil litigation. As a practical matter, *Teva*’s long-term significance is less clear. It may invite greater reliance on extrinsic evidence in claim construction proceedings—effects that may be positive if settlement is fostered, or burdensome if the proceedings become protracted and costly. *Teva* also has the possibility of interacting with *Nautilus* as a trap for patentees seeking to support their proposed claim constructions with extrinsic evidence but wishing to avoid indefiniteness in the process. At minimum, *Teva* is an important case to follow as both district courts and the Federal Circuit interpret and apply its scope.

## LAWYER CONTACTS

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our “Contact Us” form, which can be found at [www.jonesday.com](http://www.jonesday.com).

### Gregory A. Castanias

Washington  
+1.202.879.3639  
[gcastanias@jonesday.com](mailto:gcastanias@jonesday.com)

### Jennifer L. Swize

Washington  
+1.202.879.5417  
[jswize@jonesday.com](mailto:jswize@jonesday.com)

### Matthew J. Silveira

San Francisco  
+1.415.875.5715  
[msilveira@jonesday.com](mailto:msilveira@jonesday.com)

### Calvin P. Griffith

Cleveland  
+1.216.586.7050  
[cpgriffith@jonesday.com](mailto:cpgriffith@jonesday.com)

### Greg Lanier

Silicon Valley  
+1.650.739.3941  
[tglanier@jonesday.com](mailto:tglanier@jonesday.com)

*Ian Samuel and Shehla Wynne, an associate and law clerk in the New York Office, assisted in the preparation of this White Paper.*

## ENDNOTES

- 1 517 U.S. 370, 372 (1996).
- 2 *Id.*
- 3 *Id.* at 390.
- 4 *United States v. U.S. Gypsum Co.*, 333 U.S. 364, 395 (1948).
- 5 138 F.3d 1448, 1451 (Fed. Cir. 1998).
- 6 *Id.* at 1455.
- 7 *Id.* at 1456.
- 8 744 F.3d 1272 (Fed. Cir. 2014) (*en banc*).
- 9 *Id.* at 1277.
- 10 *Id.*
- 11 *Teva Pharma. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836 (2015).
- 12 *Id.* at 835.
- 13 *Id.* at 837.
- 14 *Id.* (quoting *Pullman-Standard v. Swint*, 456 U.S. 273, 287 (1982)).
- 15 *Id.* at 837 (quoting the Rules Advisory Committee).
- 16 *Id.*
- 17 *Id.* at 838.
- 18 *Id.*
- 19 *Id.* at 839.
- 20 *Id.* at 841.
- 21 *Id.*
- 22 *Id.*
- 23 *Id.*
- 24 *Id.* at 841-842.
- 25 *Id.* at 843.
- 26 *Id.*
- 27 See, e.g., *AFG Indus., Inc. v. Cardinal IG Co., Inc.*, 375 F.3d 1367, 1374 (Fed. Cir. 2004) (Newman, J., dissenting) (noting that the court was remanding “for the third time on the issue of claim construction”); *Cybor*, 138 F.3d at 1476 (Rader, J., dissenting in part) (these possibilities magnified the “uncertainty, cost, and duration of patent litigation”).
- 28 *Cybor*, 138 F.3d at 1476 (Rader, J., dissenting in part).
- 29 *Id.*
- 30 *Teva*, 135 S. Ct. at 839; see also Kimberly A. Moore, “Markman Eight Years Later: Is Claim Construction More Predictable?,” 9 LEWIS & CLARK L. REV. 231, 232-34 (2005).
- 31 744 F.3d at 1285.
- 32 *Id.* Notably, however, after setting forth its decision in *Teva*, the Supreme Court disposed of three pending *cert* petitions that presented similar questions, including the petition from the *Lighting Ballast* case. In each, the Court vacated the judgments and remanded for further proceedings in light of its *Teva* opinion (so-called “GVRs”). Because the GVRs were summarily issued, it is difficult to discern much from them, except that the Supreme Court clearly believed that *Teva* might affect the outcome in each.
- 33 See, e.g., *Cadence Pharms., Inc. v. Exela PharmSci Inc.*, No. 2014-1184, 2015 BL 78477, at \*2 (Fed. Cir. Mar. 23, 2015) (“Because the district court’s claim constructions were based solely on the intrinsic record, the Supreme Court’s recent decision in *Teva* does not require us to review the district court’s claim construction any differently than under the *de novo* standard we have long applied”; affirming the district court’s construction); *Mobilemedia Ideas LLC v. Apple, Inc.*, No. 2014-1060, 2015 U.S. App. LEXIS 4185, at \*49 (Fed. Cir. Mar. 17, 2015) (“Because the district court’s construction relies only on intrinsic evidence, we review its construction *de novo*”; concluding that the district court’s construction was erroneous); *Pacing Techs., LLC v. Garmin Int’l Inc.*, 778 F.3d 1021, 1023 (Fed. Cir. Feb. 18, 2015) (“Because the only evidence at issue on appeal and presented to the district court in this claim construction was intrinsic, our review of the constructions is *de novo*”; concluding that the district court’s construction was erroneous); *Lexington Luminance LLC v. Amazon.com Inc.*, No. 2014-1384, 2015 U.S. App. LEXIS at 2123, at \*16 (Fed. Cir. Feb. 6, 2015) (“In this case, we review the district court’s claim constructions *de novo*, because the intrinsic record fully determines the proper constructions and the district court’s constructions were not based on expert testimony”; concluding that the district court’s construction was erroneous); *FenF, LLC v. SmartThingz, Inc.*, No. 2014-1490 2015 U.S. App. LEXIS 1955, at \*5 (Fed. Cir. Feb. 6, 2015) (“We review the district court’s claim construction *de novo* because the intrinsic record—the claims, the specification, and the prosecution history—fully informs the proper construction in this case”; concluding that the district court’s construction was erroneous); *In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 U.S. App. LEXIS 1699, at \*24 (Fed. Cir. Feb. 4, 2015) (“Because there is no issue here as to extrinsic evidence, we review the claim construction *de novo*”; concluding that the Board did not err in its construction); *In re Papst Licensing Digital Camera Patent Litig.*, 113 U.S.P.Q.2d 1533, 1537 (Fed. Cir. Feb. 2, 2015) (“In this case, we review the district court’s claim constructions *de novo*, because intrinsic evidence fully determines the proper constructions”; concluding that all five of the district court’s constructions were erroneous); *In re Imes*, 113 U.S.P.Q.2d 1522, 1524 & n.1 (Fed. Cir. Jan. 29, 2015) (“In this case, we review the Board’s claim constructions *de novo*” because nothing “implicates the deference to fact findings contemplated” in *Teva*; concluding that one of the Board’s two constructions was erroneous).
- 34 *Enzo Biochem Inc. v. Applera Corp.*, No. 2014-1321, 2015 U.S. App. LEXIS 4064, at \*18 (Fed. Cir. Mar. 16, 2015).
- 35 *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996).
- 36 *Id.* at 1583.
- 37 415 F.3d 1303, 1319 (Fed. Cir. 2005) (*en banc*) (quoting *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1578 (Fed. Cir. 1995)); *accord id.* at 1318 (extrinsic evidence that “is generated at the time of and for the purpose of litigation” is likely to “suffer from bias”).
- 38 See *id.* at 1317-24.
- 39 *Teva*, 135 S. Ct. at 841.
- 40 See, e.g., *Interval Licensing LLC v. AOL, Inc.*, 766 F.3d 1364, 1377 (Fed. Cir. 2014) (reversing claim construction where district court’s construction was narrower than the dictionary definition on which it relied); *Paragon Solutions, LLC v. Timex Corp.*, 566 F.3d 1075, 1092-93 (Fed. Cir. 2009) (reversing claim construction in part based on district court’s erroneous reliance on a dictionary definition).
- 41 134 S. Ct. 2120 (2014).
- 42 35 U.S.C. § 112, ¶ 2 (now § 112(b)).
- 43 *Eidos Display, LLC v. AU Optronics Corp.*, No. 2014-125, 2015 U.S. App. LEXIS 3681, at \*11 (Fed. Cir. Mar. 10, 2015).

- 44 *Nautilus*, 134 S. Ct. at 2128, 2130.
- 45 *Id.* at 2130 (quoting *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 40 (1997)).
- 46 *Id.* at 2128 (quoting *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 731 (2002)).
- 47 *Id.* at 2129 (quoting *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942)).
- 48 *Id.* at 2131.
- 49 *Id.* at 2130 n10.
- 50 *Eidos Display*, 2015 U.S. App. LEXIS 3681, at \* 11.
- 51 2014 U.S. Dist. LEXIS 85345, at \*48-49 (D. Del. June 24, 2014).

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